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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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1. In February 1953 two government-controlled merchants' market associations were established in Haeju (VC-3713) under the City's Commerce and Industry Section. The chairman and two vice-chairmen were elected by member merchants. Each association consisted of five sections, one each for grain, general goods, clothing, hardware, and vegetables and fish. The market associations collected market rents, building rents, association dues, and dues for self-defense teams. They also assisted tax offices to collect business taxes. In addition, under orders of the Democratic National Front, the association spread Communist doctrine among the market merchants.
2. In July 1953 there were the East Market and the West Market in Haeju. When the former Central Market was bombed in May 1952, it was merged with the East Market. The number of merchants in the two markets in July 1953 was as follows:

<u>Sections</u>	<u>East Market</u>	<u>West Market</u>	<u>Total</u>
Grain	30	10	40
General Goods	24	14	38
Clothing	22	12	34
Hardware	12	18	30
Vegetables and Fish	50	6	56
Total	138	60	198

3. The above total included only those who had registered with the City Commerce and Industry Section and who paid business taxes. There were also unregistered

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vegetable and fish vendors who sold their goods at the markets. Farmers brought grain to the West Market from the areas of Ch'wiya (N 38-03, E 125-33) (YC-2414), Chaeryong, and Sinch'on (N 38-21, E 125-30) (YC-1847). Grain for the East Market was brought from Yonbaek-kun and from the Sinwon area. In July 1953 cereals other than rice made up 70 percent of the grains on sale. The General Goods sections sold Chinese stationary, shoes, towels, socks, and matches, and Japanese toilet articles and dyestuffs. Because of their poor quality, Korean articles were unpopular. Textiles, sold in the Clothing sections included Soviet fine cotton cloth and suiting material; Chinese fine and coarse cotton cloth and twill; home-made cotton cloth, silk and rayon twill from the P'yongyang area, and hemp from the North P'yongan and the Hamgyong Provinces. The markets obtained the Chinese textiles from laborers and employees of government offices and state-owned factories. Soviet suiting material was sold at state-owned stores. The Hardware sections sold such items as ovens, shovels, sickles, hoes, saws, and files. They also sold tin goods made of old tin plates, used machine parts and electrical fixtures removed from bombed-out buildings. Sufficient vegetables were obtained from local gardens and from nearby farm villages. Few people could afford the seaweed which was brought to the markets from the east coast, or the pork and beef found in the meat stores.

4. Under the Haeju Area Control Office of the Hwanghae Province Commerce Office there were 3 department stores, 3 workers cooperatives, 10 restaurants, 5 barbershops, 2 hotels, and one second-hand store. Though the department stores were supposed to sell a variety of daily necessities, they sold primarily foodstuffs. The workers' cooperatives sold such things as cloth, towels, shoes, soap, and socks to employees at reduced prices. Since both the department stores and the cooperatives had quotas to fill, they sent travelling salesmen out into the country to sell their goods. The hotels catered primarily to public employees on official business.
5. Prior to January 1953 Chinese goods were brought to Antung, Manchuria, by Chinese Communist Forces supply trucks and were then distributed by peddlers to Chinese merchants in North Korea. After the majority of the Chinese residents were repatriated, the Chinese goods were brought to P'yongyang, then purchased by Korean women for resale in local areas.
6. In 1953 factories in Haeju produced matches, cloth, liquor and foodstuffs. Cooperatives manufactured farm tools, machinery, and toilet articles which were imitative of Japanese goods, but of poor quality.

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